GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:521
ANSWERED ON:20.02.2003
INCENTIVES TO STATES FOR REORGANISATION OF SEBs
A. VENKATESH NAIK

Will the Minister of POWER be pleased to state:

(a) whether the Government propose to provide incentives to the State Governmentsfor reorganization of SEBs by linking the plan assistance to the Sates;

(b) if so, the details of the plan formulated by the Union Government in this regard;

(c) the reaction of the State Governments thereto; and

(d) the progress made towards reforms in power sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : State Electricity Boards (SEBs) are under the administrative control of theState Governments. The decision to restructure the SEBs, therefore, rests with the StateGovernments. The Electricity Bill, 2001 under consideration of the Parliament also gives flexibility to States in terms of reform model. While it enables States to unbundle SEBs,it also provides flexibility to States to continue with their SEBs, if they so desire.

The Government of India has been encouraging States to undertake reforms so asto improve the health of the power sector. The Government of India has been signing Memoranda of Understanding (MoU) with States reflecting the joint commitment of theCentre and the States to undertake reforms in a time bound manner. These require the States to set up SERCs, undertake energy audit through full metering, reduce transmission and distribution losses and attain commercial viability. In reciprocation to the efforts of the States to achieve agreed milestones, the Central Government hascommitted assistance including allocation of additional power from unallocated share from Central Generating Stations, funds under specific programmes/schemes etc.The MoUs are now being fleshed out into MoAs with clearer and more specific milestones asthe reform programme in the State is acquiring concrete shape. 25 States have been covered by this exercise till now.

The Accelerated Power Development Programme (APDP) was introduced inFebruary, 2000, with the sole objective of initiating a financial turnaround in the performance of the State owned power sector. The Programme has been rechristened as Accelerated Power Development and Reforms Programme (APDRP). The APDRPScheme proposes to incentivise actual cash loss reduction by SEBs/utilities.

Andhra Pradesh, Gujarat, Maharashtra and Haryana have submitted their claimsfor incentive for the financial year 2001-02 for a total of Rs. 1821 crores.

States of Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh, Rajasthan,Madhya Pradesh and Delhi have passed their own Reform Laws and unbundled theirSEBs. Twenty-two States have either constituted or notified constitution of StateElectricity Regulatory Commissions (SERCs). 13 SERCs have passed tariff orders whichreflect the trend towards tariff rationalization. 7 States (Andhra Pradesh, Karnataka,Uttar Pradesh, Madhya Pradesh, West Bengal, Kerala and Maharashtra) have passed anti- theft laws. Gujarat have drafted its anti-theft law.